

**HB 1248 - Concerning the Modification of Laws Applicable to the Conduct of Business in Colorado . . .**

**By Rep. Cheri Gerou and Sen. Brandon Shaffer**

The proposed bill was developed by the Business Law Section of the Colorado Bar Association in cooperation with the Business Division of the Office of the Secretary of State.

- Clarifies the information that must be filed with the Secretary of State when a ditch company extends its term of existence (Section 1, page 2);
- Standardizes information that must be contained in constituent filed documents; e.g., eliminates the requirement for a period of duration to be stated in the document (Section 2-3, page 3);
- Partnerships and Limited Partnerships.
  1. Clarifies that a person may be admitted as a partner to a general partnership without having an economic interest in the partnership (*i.e.*, a share of profits and losses and right to distributions) and without being obligated to contribute capital to the partnership so long as the partnership has at least two partners who have economic interests at formation. This permits an "income partner" in a professional firm to have the relationship of "partner" with all the duties and rights of a partner even if that person is being compensated as an employee. It further eliminates the state-law question of whether a person is a partner if that person's share of the profits and losses is very low.
  2. Clarifies that a person may be a general or limited partner in a limited partnership so long as there is at least one partner in the limited partnership who has an economic interest in the partnership. This permits the formation of a limited partnership in which the general partner has no economic interest or in which only the general partner has an economic interest and into which limited partners are to be admitted after formation.  
In both cases, the statute clarifies the law to confirm relationships that sometimes exist under Colorado and other states' unincorporated organization law.  
(Sections 4-8, pages 3-6);
- Improves accuracy of records by providing that certain information must be updated when an annual report, renewal of trade name, renewal of trademark registration, or renewal of true name registration is filed (Sections 9-15, pages 6-11);

(over)

- Eliminates unnecessary or obsolete provisions; e.g., repeals section 7-90-706, C.R.S., Application to dissolved or delinquent entities (Section 16, page 11);
- Removes the obligation of the Secretary of State to mail notice of delinquency to an entity, eliminating redundancy, streamlining administration, and reducing costs (Section 17, page 11);
- Standardizes the information that is added to an entity name if the entity name is not available when the entity cures its delinquency or reinstates after dissolution (Section 18 & 19, pages 12 & 13);
- Makes technical and conforming corrections to language added in HB 08-1089 - Concerning the authority of a nonprofit corporation to take action by votes in writing rather than at a meeting in which decision-makers are physically present. (Section 20, pages 13-15).

The Colorado Bar Association urges your support for HB 09-1248.

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